

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
ALPENA POWER COMPANY)	
to commence a renewable energy cost reconciliation)	Case No. U-18080
proceeding for the 12-month period ended)	
December 31, 2015.)	
_____)	

At the January 12, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On August 30, 2016, Alpena Power Company (Alpena) filed an application, with supporting testimony and exhibits, requesting authority to reconcile its renewable energy plan (REP) expenses and revenues for the 12-month period ended December 31, 2015.

A prehearing conference was held on October 5, 2016, before Administrative Law Judge Mark D. Eyster. Alpena and the Commission Staff participated in the proceedings. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

According to the terms of the settlement agreement, attached as Exhibit A, the parties agree that Alpena remains in compliance with the renewable portfolio requirements of 2008 PA 295 (Act 295), and its approved REP, through the purchase of renewable energy credits from Consumers Energy Company through 2024.

The parties further agree that in 2015, Alpena's actual cost of compliance was \$66,091.43, and the company charged its customers \$70,771.74. Alpena has not requested any surcharge adjustment, and the retail rate impact of Alpena's surcharges do not exceed the maximum permitted under Act 295. Finally, the parties agree that Alpena has not incurred any costs in the implementation of its REP related to renewable energy and advanced cleaner energy that are recoverable in its power supply cost recovery proceedings.

The Commission finds that the settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. Alpena Power Company's application for authority to reconcile renewable energy plan revenues and expenses associated with the plan approved in Case No. U-15804 and Case No. U-17300, for the 12-month period ended December 31, 2015, is approved.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 426.26. To comply with the Michigan Rules of Court's requirements to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General-Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General-Public Service Division at 7109 W. Saginaw Highway, Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of January 12, 2017.

Kavita Kale, Executive Secretary

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the Application of)	
ALPENA POWER COMPANY to)	
commence a Renewable Energy Cost)	Case No. U-18080
Reconciliation proceeding for the 12)	(Renewable Energy Cost Reconciliation)
month period ended December 31, 2015)	
_____)	

SETTLEMENT AGREEMENT

Alpena Power Company ("Alpena") by and through its attorney, James D. Florip, of the law firm of Gillard, Bauer, Mazrum, Florip, Smigelski & Gulden, and the Michigan Public Service Commission Staff ("Staff") by and through its attorney, Assistant Attorney General Michael J. Orris, hereby present this Settlement Agreement in resolution of the above matter.

1. On August 30, 2016, Alpena filed its application for a renewable energy cost reconciliation proceeding for the 12-month period ended December 31, 2015; together with the prepared testimony and exhibits of its witness.

2. On September 1, 2016, the Michigan Public Service Commission ("Commission") issued its notice of hearing, setting this matter for a prehearing conference on October 5, 2016. Pursuant to the Commission's direction, Alpena mailed a copy of the notice of hearing to all cities, incorporated villages, townships, and counties in its service area and published the notice

SETTLEMENT AGREEMENT
U-18080

of hearing in a daily newspaper in its service territory. No parties sought to intervene. The prehearing conference was conducted by Administrative Law Judge Mark D. Eyster.

Alpena and Staff commenced discussions subsequent to the prehearing conference resulting in a Settlement Agreement.

3. The parties agree as follows:

A. Alpena has adhered to its renewable energy plan to meet its PA 295 portfolio standard requirements by purchasing renewable energy credits (RECs). Alpena has entered a contract to purchase the majority of the required RECs from Consumers Energy Company ("Consumers"), through the year 2024. The Alpena contract with Consumers of August 4, 2009 was approved by the Commission in its opinion and order in Case No. U-15804 wherein it found that the contract was reasonable and prudent and satisfied the factors of Section 37 of PA 295.

B. The actual cost of compliance for 2015 was \$66,091.43. Alpena charged its customers \$70,771.74. Alpena is not requesting any revenue adjustment to recover its incremental cost of compliance. As no adjustment to the reconciliation recovery mechanism is needed, the retail rate impact of Alpena's tariffs is unchanged and does not exceed the maximum retail rate impact as specified under Section 45 of PA 295.

C. Alpena's 2015 Regulatory Account Balance is attached hereto (Exhibit A-11).

D. Alpena has incurred no costs in the implementation of its renewable energy plan related to renewable energy and advanced cleaner energy that are recoverable in its power supply cost proceedings.

SETTLEMENT AGREEMENT
U-18080

E. Expenditures made and revenues collected by Alpena pursuant to its renewable energy revenue recovery system are reasonable and prudent.

F. Alpena's 2015 Renewable Energy Plan Cost Reconciliation, as amended, with Attachment A, is reasonable and prudent and meets all relevant requirements of PA 295.

4. It is the opinion of the parties that this Settlement Agreement will promote the public interest; this Settlement Agreement is intended for final disposition of this proceeding; and the parties join in respectfully requesting the Commission to grant prompt approval of the agreement.

5. This Settlement Agreement will become binding upon the parties only if the Commission accepts and approves the same without modification. If the Commission does not approve this Settlement Agreement without modification, this Agreement shall be withdrawn and shall not constitute any part of the record in the proceeding or be used for any purpose whatsoever.

6. This Settlement Agreement has been made for the sole and express purpose of reaching a compromise that promotes administrative efficiency and is without prejudice to the rights of the parties to take new or different positions in other proceedings. All offers of settlement and discussions relating to this Settlement Agreement shall be considered privileged under MRE 408. If the Commission approves this Settlement Agreement without modification, the parties shall make no reference to or use of this Settlement Agreement or the order approving it as a reason, authority, rationale, or example for taking any action or position or

SETTLEMENT AGREEMENT
U-18080

making any subsequent decision in any other case or proceedings; provided, however, such references or use may be made to enforce the Settlement Agreement and order.

7. All parties waive Section 81 of the Administrative Procedures Act of 1969, as amended, MCL 24.281.

Date: December 19, 2016

MICHIGAN PUBLIC SERVICE COMMISSION



By: _____
Michael J. Orris (P51232)
Its: Attorney

Dated: December 19, 2016

ALPENA POWER COMPANY

James

D. Florip

By: _____
James D. Florip (P26861)
Its: Attorney

Digitally signed by James D.
Florip
DN: cn=James D. Florip, o=ou,
email=jdfloip@gillardlaw.
com, c=US
Date: 2016.12.19 09:28:34
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SETTLEMENT AGREEMENT
U-18080

ALPENA POWER COMPANY
Renewable Energy Portfolio Reconciliation 2015

2015 Regulatory Account Reconciliation	
2015 Beginning Balance (Regulatory Account) (Case U-17802)	\$ (529,747.57)
2015 Beginning Balance (Interest) (Case U-17802)	\$ (13,775.26)
Surcharge Revenue (Exhibit A-6)	\$ (70,771.47)
Accrued Expense (Exhibit A-7)	\$ 64,131.12
Interest (Exhibit A-8)	\$ (11,168.71)
Payments :	
2012 Adj (Paid \$183,609.57 Expensed \$128,262.24 in May 2015)	\$ 55,347.33
2013 Adj (Paid \$170,500.46 Expensed \$130,181.64 in November 2015)	\$ 40,318.82
2015 Ending Balance (Regulatory Account)	\$ (440,721.77)
2015 Ending Balance (Interest)	\$ (24,943.97)
Total	\$ (465,665.74)